

NSA

CIA LETTERHEAD

ODP-8-2012/2

21 NOV 1978

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[REDACTED] ADDT
National Security Agency
Ft. George G. Meade, Maryland 20755

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Dear [REDACTED]

A draft of an OMB Circular on Cost Accounting for Multi-User Data Processing Facilities was attached to my letter of 7 November 1978 that was sent to you for your information and any reply you wanted to make to Mr. Walter W. Haase, Deputy Director of Information Systems Policy, OMB. My letter to Mr. Haase pertaining to the draft circular is attached for your information.



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Chief, Management Staff
Office of Data Processing

Att: a/s

Distribution:

- Original - Addressee, w/att.
- 1 - C/MS, w/att.
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25X1A

MS/ODP/[REDACTED] caj/20 November 1978

CIA LETTERHEAD

ODP-8-2095

17 NOV 1979

Mr. Walter W. Haase
Deputy Associate Director
for Information Systems Policy
Office of Management & Budget
Washington, D.C. 20503

Dear Mr. Haase:

Thank you for the opportunity to review the draft circular on "Cost Accounting for Multi-User Data Processing Facilities." I have informally discussed it with various of my colleagues within the CIA but have neither solicited nor received management endorsement for the views herein. Our comments follow and the last paragraph of this letter contains our recommendations. My colleagues and I are in general agreement with the purpose of the circular as stated in paragraph one of the draft. The exceptions cited in paragraph two, SCOPE, exclude all CIA ADP activities except our central Office of Data Processing (ODP). Accordingly, all of my comments will be limited to ODP itself.

We do not feel that the recovery of ODP costs from users will in any way benefit either the CIA or the American taxpayers. All users of ODP services are CIA organizations. No non-CIA users are or can be allowed access to ODP's central facility because of long-standing security restraints. It does not, therefore, appear to make any sense to implement a full cost-recovery mechanism for ODP when all of the users it supports are a part of the same appropriation account.

Approximately 60 percent of CIA's ADP costs in FY-79 will be incurred in ODP. ODP has had in use for a number of years a means of fully allocating all ODP costs to users of our central services. These costs are broken out by rigidly defined projects and are provided to ODP management, user management, and Agency management on a monthly basis. This cost identification and allocation process is presently being restudied to determine if it can be further improved. The important point is that ADP providers, ADP users, and senior Agency managers are continually monitoring the consumption of budgeted ODP resources.

In 1977, the CIA implemented an annual review and approval of all projects supported by ODP that are estimated to consume \$250,000 or more of ODP resources. User office directors brief each such project to the Agency's Executive Advisory Group (EAG), chaired by the Deputy Director of Central Intelligence and composed of CIA's functional deputy directors, Comptroller, and General Counsel. The primary focus of these briefings is the substantive requirement for ADP support, the benefits to be realized from such support, and the capacity of ODP to support the project. Agency management is thereby able to prioritize requirements for ADP support and able to control the commitment of CIA resources to ADP. The combination of these two ADP control mechanisms gives CIA very effective control over the utilization and consumption of our ADP resources.

The Operational Management Team visited ODP during their participation in the President's Reorganization Project. Their findings of CIA management were favorable-- they noted in paragraph 18, Part VI, Page VI-6 of their report that:

"Only one agency interviewed (CIA) had an effective user influenced top level DP advisory group that made allocations of computer resources to agency programs and participated in agency DP planning. Other groups were found in several agencies, but they operated at much lower levels and seemed considerably less effective."


In respect to the provisions of the draft circular relating to other agencies using the CIA centralized computing facilities or the CIA using the facilities of other agencies or of the private sector, Director of Central Intelligence Directive (DCID) Number 1/16 establishes the security requirements for information processing systems and networks in the CIA and for those systems storing or processing intelligence information in government and industry. DCID 1/16 places restrictions upon who can use the CIA computing facilities and, consequently, eliminates those potential Federal users who do not meet the CIA security criteria. The DCID also limits the non-CIA facilities that can be employed by the CIA. Once again, it does not seem to serve any useful purpose to the Government or to the taxpayer to advise other organizations of CIA computing capabilities available, or to establish a formal process to determine which Federal or private sector facility will be used for each computer application.

In conclusion, my colleagues and I strongly recommend that the CIA be exempted from the following provisions contained in the draft circular:

- o Recover these costs by charging user organizations for the services provided.
- o Advise other agencies of the capabilities available from data processing facilities operated by the Agency.
- o Establish a formal process for determining which Federal or private sector data processing facility will be used to support each of the agencies computer applications.


Chief, Management Staff
Office of Data Processing

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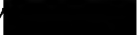
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